

**Testimony of**  
**Mike Nussman**  
**Vice President**  
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**Regarding**  
**Capacity Reduction Programs, Federal investments in Fisheries and the**  
**Reauthorization of the Magnuson-Stevens Fishery Conservation and**  
**Management Act**  
**Thursday, May 10, 2001**  
**Washington, D.C**

Mr. Chairman, I appreciate the opportunity to testify before the subcommittee on behalf of the recreational fishing industry. My testimony today addresses the broad issue of over-capacity of fishing fleets under the Magnuson Fishery Conservation and Management Act, and more specifically, the Wallop-Breaux program. In addition, I'll comment briefly on the international component of the issue, having recently completed two terms as the U.S. Recreational Commissioner to the International Commission for the Conservation of Atlantic Tunas (ICATT). This testimony is given on behalf of the 400 members of the American Sportfishing Association (ASA).

ASA is a non-profit trade organization whose members include fishing tackle manufacturers, boat builders, retailers, state fish and game agencies, angler organizations, and the outdoor media. For more than fifty years, ASA and its predecessor organizations have promoted the conservation of fisheries resources and supported measures that improve the aquatic environment.

### **BACKGROUND**

With the passage of the Sustainable Fisheries Act (SFA) in 1996, Congress indicated a renewed commitment to managing the marine fisheries of this nation in a sustainable manner. As a part of that commitment, Congress directed the Secretary of Commerce (Secretary) to examine the role of the Federal government in subsidizing the nation's fishing capacity. The Secretary convened a task force on the matter and in July of 1999, the group released the *Federal Fisheries Investment Task Force Report to Congress*. Dr. Vishwanie Maharaj, ASA's then Director of Economics participated in the task force on behalf of the recreational fishing industry. The report, while thorough and comprehensive in its treatment of Federal subsidies, does not attempt to evaluate subsidy programs as either good or bad. Instead, it reviews existing subsidies and recommends whether they should be continued given our current circumstances.

### **International Commission for the Conservation of Atlantic Tunas**

The issue of fishing capacity and its impact on fishery conservation is of interest not only in the United

States, but also in the international fishery community. Having served the last six years as the U.S. Recreational Commissioner to ICATT, I can assure the Committee that the body is closely examining the issue of capacity and its link to overfishing. For example, at its 2000 meeting, ICATT adopted a measure that recognizes and encourages actions being taken by Japan and Chinese Taipei to scrap Japanese-built, illegal, unreported and unregulated (IUU) fishing vessels. Further, it supports actions being taken by Chinese Taipei to re-register and control a number of vessels owned by Chinese Taipei business entities that have been engaged in IUU fishing activities.

And previously, at its 1998 meeting, ICCAT adopted a measure to limit fishing capacity in the northern albacore fishery. A similar action was taken by ICCAT for the bigeye tuna fishery in 1999 that was intended to prevent further increases in fishing mortality, consistent with scientific advice indicating that the stock is close to full exploitation. Unfortunately, as is so often the case in international fishery management, gaining agreement on what needs to be done is far easier than ensuring compliance with the agreed-to measure. The United States needs to provide important leadership in this area.

### **Wallop-Breaux Program**

The Wallop-Breaux Program (Program) is actually a collection of a number of boating and fishing related efforts, brought together by a common funding source - user fees paid by anglers and boaters. Recognizing that the members of the ASA typically contribute well over \$100 million to the Program each year, it is easy to understand our interest and involvement in the effort. As you might imagine, given our contribution, this program is extremely importance to the recreational fishing industry.

We believe the Program is an excellent example of a user pays-user benefits program. Anglers and boaters pay a little more for their equipment and fuel and in return enjoy increased fishing and boating opportunities. These monies are deposited into the U.S. Treasury and then disbursed to state fish and game agencies for sportfish restoration, wetlands conservation, aquatic education, outreach, boat safety, and boating access and facilities projects. The cycle is completed with a return of benefits to the users through improved sport fishing and boating opportunities.

The Program was launched in 1950 when Representative John Dingell (MI) and Senator Edwin Johnson (CO) pushed for and passed the Federal Aid in Sport Fish Restoration Act. Based on a similar bill (the 1937 Pittman-Robertson Act) that placed an excise tax on specific hunting equipment, the Sport Fish Restoration Act was aimed at dealing with the expanding number of anglers and the declining quality of the resource. Utilizing the same user pays-user benefits model as Pittman-Robertson, the Dingell-Johnson Act as it became known, was an immediate boon to state fish and game agencies that previously could not provide adequate attention to fisheries due to strapped budgets. Instead of having to fund 100% of a fisheries improvement project, now under Dingell-Johnson, for every one dollar invested by the state, the Federal Government could contribute three dollars. During the years immediately following passage, monies from the collection of excise taxes vastly improved the quality of America's sport fishery resources.

However, in 1984, in response to a growing list of needs, a new set of amendments to the Program were passed spurred on by Senator Malcolm Wallop (WY) and Congressman John Breaux (LA). These 1984 Wallop-Breaux amendments expanded the list of taxable sport fishing articles to include nearly all sportfishing equipment. In addition, a 3% tax on electric trolling motors and fish finders was added along with a redirection of the tax on motorboat fuel. Further, the amendments recovered from the General Fund fuel taxes paid on fuel used by boaters and anglers and dedicated these funds to the Program. The Wallop-Breaux amendments expanded the pool of money made available to the Program from an average of \$40

million before 1984, to over \$400 million today.

Since the 1984 Wallop-Breaux Amendments, the program we now know as Wallop-Breaux has undergone changes resulting from other amendments. Many of the changes increased funding for programs such as boating safety and created new programs such as the coastal wetlands and clean vessel (pumpout) programs. In 1998, the Transportation Equity Act for the 21<sup>st</sup> Century reauthorized the Program creating a boating infrastructure effort, and an outreach and communication program.

Additionally, other changes to the Act in 1998 increased the minimum percentage of state allocations to be invested in boating access and facility projects from 12.5% to 15%, and raised the maximum percentage of state allocations to be used for aquatic education and outreach and communications from 12.5% to 15%. Boating Safety programs administered by the U.S. Coast Guard also realized increased funding. (See Table 1 for Wallop-Breaux Program receipts and expenditures)

In reviewing the Wallop-Breaux program, the task force focused primarily on Sport Fish Restoration, the portion of the Program's funding that is apportioned to the state fish and game departments. Table 2 outlines state funding levels for fiscal year 2001 and Figure 1 demonstrates the increase in state funding levels since the program began.

## DISCUSSION

Mr. Chairman, the task force concludes that investments in fisheries by the Wallop-Breaux Program do not "present a serious matter of concern". I would go a bit further. I believe that without the Wallop-Breaux Program, the nation's fisheries, both freshwater and marine, would be in much worse shape than they are today. Representing a number of companies that write a significant check to the IRS each quarter, on top of any Federal or state income taxes they pay, I will assure you that they do not view this as a Federal subsidy. In fact, I would argue that America's anglers, through the excise taxes and license fees they pay, subsidize the proper management of our nation's fisheries.

However, Mr. Chairman, if we ignore the fact that America's anglers and boaters are paying the bills in terms of higher prices for their sport, there still is no evidence to suggest that Wallop-Breaux has led to overfishing of our saltwater resources. Despite the substantial increase in funding that has flowed to Wallop-Breaux in recent years (see Figure 1), the National Marine Fisheries Service data in Table 3 shows no substantial increase in the number of saltwater recreational anglers or their harvest.

In addition Mr. Chairman, of the total amount of Sport Fish Restoration funding going to states each year, only about 10 percent is dedicated to saltwater projects. The remainder of the monies return to freshwater efforts. This division in funding leads to the natural question...Has the Wallop-Breaux funding dedicated to our nation's freshwaters led to overfishing? I think the clear answer is NO and I believe that state fish and game departments would agree!

Wallop-Breaux is a unique example of a user pay-user benefit program. I have attached state reports provided by the U.S. Fish and Wildlife Service from Maryland and Utah for the Committee's review. I appreciate the opportunity to testify.

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